



CONNECTICUT
TRIAL
LAWYERS
ASSOCIATION

150 Trumbull Street, 2nd Floor
Hartford, CT 06103
p) 860.522.4345 f) 860.522.1027
www.cttriallawyers.org

Raised Bill No. 280
Public Hearing 3-4-14

TO: Members of the Insurance and Real Estate Committee
FROM: Connecticut Trial Lawyers Association (CTLA)
DATE: March 4, 2014
RE: Support for Raised Bill No. 280 (subject to two technical corrections): An Act Concerning Uninsured and Underinsured Motorist Coverage Offsets

The CTLA strongly supports Raised Bill number 280, subject to two minor technical corrections, discussed below.

Following last year's legislative session, a joint study group comprised of both members of the CTLA and the Insurance Association of Connecticut (IAC) was formed under the auspices of the Connecticut Department of Insurance. Senate Bill number 280 is the product of that working committee. The legislation was drafted, and is agreed to, by both the IAC and the CTLA, subject to two minor corrections.

The purpose of the bill is to ensure that consumers get what they pay for when they purchase uninsured motorist insurance in Connecticut.

Under the current state of law, an underinsured motorist carrier is entitled to reduce its coverage for any payments made to the injured party pursuant to the liability policy issued to the person responsible for the accident. The proposed bill does not seek to change this rule.

However, the Connecticut Appellate Court interpreted this rule as allowing underinsured motorist carriers to also claim a reduction for payments made to individuals other than the claimant by the liability carrier for the person responsible for the accident. *Allstate v. Lenda*, 34 Conn. App. 444 (1994). A result of this ruling is that the claimant's uninsured motorist coverage can be reduced by payments they never received which were paid by the liability carrier for the responsible party to other individuals, totally unrelated to the claimant. As a result thereof, the consumer is being deprived of the full benefit of the coverage of the uninsured motorist insurance that he purchased.

Raised Bill 280 seeks to correct this inequity by disallowing any reduction in underinsured/uninsured motorist coverage for amounts paid by or on behalf of any tortfeasor for bodily injury to anyone other than the individuals insured under the policy against which the claim is being made. Raised Bill 280 further prohibits any reductions for payments made by the tortfeasor on behalf of property damage.

Technical Corrections:

As indicated above, the IAC and the CTLA, with the assistance of the Connecticut Department of Insurance, reached a final agreement on language for the proposed legislation. However, Raised Bill Senate 280 contained two differences which were not in the language agreed to by all parties.

First, on line 73 the word "injured" should read "insured". We believe this was merely a drafting error as someone cannot be "injured" under a policy.

Second, the sentence deleted in lines 67-70 should be retained by reinserting it after the new language ending on line 75. This is important because the effect of deleting this section is essentially to eradicate conversion coverage, which was not the intent of any of the parties relative to the working group. This limitation on the total amount of recovery should not be applied to conversion coverage.

Accordingly, the CTLA respectfully urges the members of the Committee to pass Raised Bill number 280 subject to the two technical corrections.